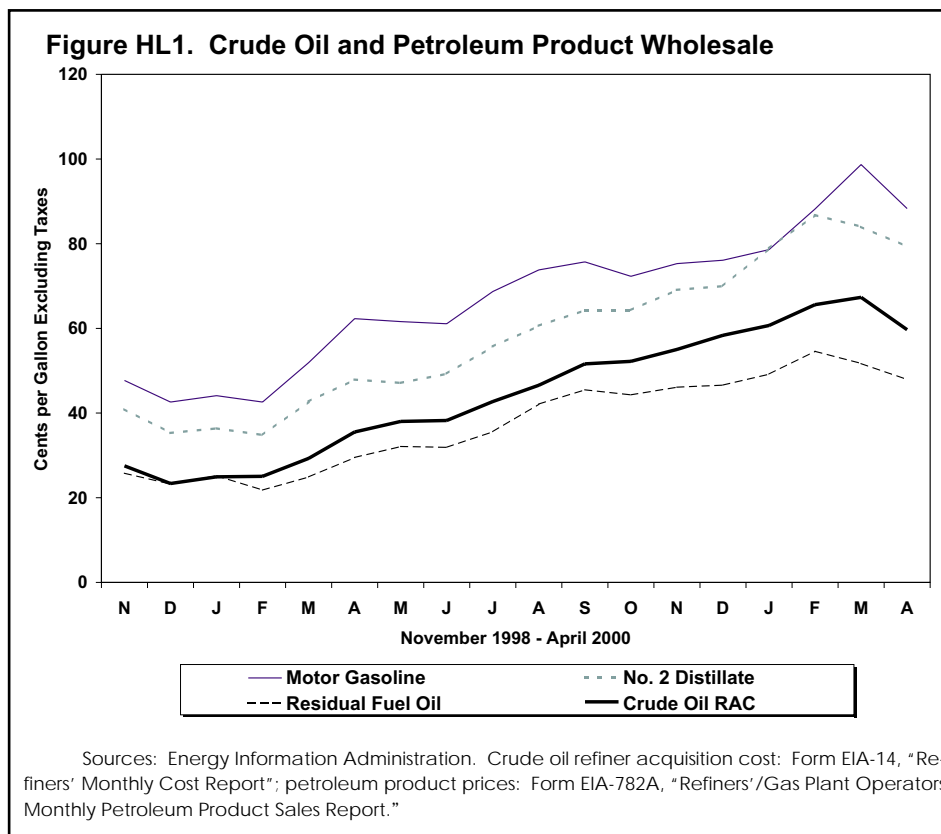


# Highlights

During April, international crude oil prices continued to retreat from long-term highs set in early March. Unlike the comparatively uninterrupted declines seen last month, April price trends were mixed. The formal decision by the Organization of Petroleum Exporting Countries (OPEC) to increase crude oil production as of April 1 played a significant role behind falling prices. The decision helped ease concerns about supply in many world markets and spurred the decline in prices. OPEC members also informally set in motion a price control plan that involves monitoring a 20-day average based on prices for seven of the group's oil streams. If the average price falls outside a \$22-\$28 range, wellhead output is raised or lowered 500,000 barrels per day to stabilize prices. However, support for the plan varies among the group's members, and due to its informal status, no guarantee exists for implementing the price controls when the conditions are met. After the marked decreases at the beginning of the month, prices rebounded during the following weeks. The increases were generally seen as market stabilization as attention shifted between different factors associated with the industry and commodities markets. Further evidence of this process is seen during the final days of the month when prices for many benchmark crude oil streams retreated. Increasing exports from non-OPEC sources and rising inventory levels in key markets were cited as the principal influences causing the decline in prices.

In the United States, prices for crude oil and finished products were unsettled during April. Product prices slipped noticeably in most regional markets during the first two weeks of the month as reports showed increasing

stock levels and higher refinery utilization rates. However, weekly stocks information indicated supplies of most products remained below average at the U.S. level, with the exception of gasoline stocks which reached the low end of the normal range. That information along with data showing higher production rates for gasoline helped allay concerns about supplies and allowed a steeper drop in gasoline prices when compared to other product prices. By mid-month problems at a number of refining facilities contributed to an increase in prices throughout the country. Notably, rising distillates demand for springtime agricultural use further reduced already low stock levels, driving prices higher. Additionally, cool weather in the Northeast caused the spot price for heating oil at New York Harbor to exceed the price for regular gasoline during most of April. By the closing days of the month,



**Table HL1. U.S. Refiner Prices and Volumes of Petroleum Products**

(Prices: Cents per Gallon Excluding Taxes, Volumes: Million Gallons per Day)

Products	Sales to End Users						Sales for Resale					
	April 2000		March 2000		April 1999		April 2000		March 2000		April 1999	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
<b>Motor Gasoline</b> .....	108.7	59.6	113.1	61.3	79.0	64.3	88.3	308.3	98.7	296.8	62.3	312.2
<b>Conventional</b> .....	103.4	36.4	109.7	36.7	72.7	39.9	83.0	205.0	95.1	194.6	57.3	214.8
Regular .....	99.9	27.2	106.5	27.7	68.9	28.1	81.3	168.2	93.5	159.2	55.2	167.0
Midgrade .....	110.7	5.2	116.5	5.2	78.2	6.3	88.1	13.0	99.6	13.2	62.3	15.6
Premium .....	118.2	4.0	123.6	3.8	85.5	5.6	92.3	23.8	103.8	22.2	66.1	32.2
<b>Oxygenated</b> .....	109.7	1.7	116.0	2.4	85.6	1.7	93.8	6.1	105.0	7.7	NA	5.6
Regular .....	108.1	1.5	113.8	2.0	83.7	1.4	93.6	4.8	103.9	6.2	NA	4.2
Midgrade .....	114.3	0.2	123.1	0.2	90.1	0.2	90.1	0.9	104.7	1.0	68.6	0.9
Premium .....	124.2	0.1	132.8	0.2	99.6	0.1	105.4	0.4	117.2	0.6	NA	NA
<b>Reformulated</b> .....	117.5	21.5	118.3	22.2	89.6	22.7	99.3	97.2	105.8	94.5	73.4	91.7
Regular .....	113.8	15.4	114.8	16.2	86.8	15.6	96.2	71.9	103.1	69.1	71.0	63.7
Midgrade .....	123.7	3.2	124.4	3.3	93.2	3.6	107.6	8.7	111.1	9.0	NA	NA
Premium .....	130.7	2.8	131.2	2.8	98.4	3.5	108.6	16.6	114.4	16.4	NA	NA
<b>Aviation Gasoline</b> .....	130.7	0.1	133.8	0.1	101.3	0.2	124.8	0.6	130.6	0.6	98.8	0.7
<b>Kerosene-Type Jet Fuel</b> .....	78.0	48.7	85.0	47.7	48.3	49.0	77.9	16.9	83.6	17.3	46.9	13.3
<b>Propane (Consumer Grade)</b> .....	NA	3.3	64.8	3.2	45.1	3.7	48.7	26.1	52.8	31.9	28.6	28.1
<b>Kerosene</b> .....	100.1	0.1	107.9	0.1	48.9	0.4	77.3	2.2	83.7	2.0	48.5	1.0
<b>No. 1 Distillate</b> .....	93.0	0.2	95.7	0.3	NA	NA	87.3	0.4	94.8	0.7	56.2	0.4
<b>No. 2 Distillate</b> .....	84.4	25.0	89.9	25.3	52.2	24.9	79.3	114.3	84.0	124.7	47.9	122.5
No. 2 Fuel Oil .....	81.7	2.7	86.0	2.6	49.9	3.3	76.4	20.0	79.6	25.3	44.5	23.6
No. 2 Diesel Fuel .....	84.8	22.3	90.4	22.7	52.5	21.6	79.9	94.2	85.2	99.4	48.7	98.9
Low Sulfur .....	87.9	15.1	92.8	15.9	54.9	14.3	80.7	81.2	85.7	87.0	49.3	84.3
High Sulfur .....	78.4	7.3	84.8	6.7	47.8	7.3	74.9	13.0	81.5	12.4	45.4	14.6
<b>No. 4 Fuel<sup>a</sup></b> .....	66.0	0.3	70.1	0.3	43.5	0.2	63.2	0.2	71.8	0.2	38.2	0.2
<b>Residual Fuel Oil</b> .....	55.1	11.5	57.8	11.1	30.9	14.1	47.9	13.3	51.7	11.1	29.5	17.0
Sulfur Content not > 1 % .....	66.7	2.2	66.5	2.0	32.7	5.0	52.3	6.0	53.2	5.2	30.7	6.7
Sulfur Content > 1 % .....	52.4	9.3	55.9	9.1	29.9	9.1	44.4	7.4	50.4	5.9	28.8	10.3

NA = Not available.

<sup>a</sup> Includes No. 4 fuel oil and No. 4 diesel fuel.

Notes: Motor gasoline averages and totals prior to October 1993 include leaded gasoline.

Notes: Values shown for the current month are preliminary. Values shown for previous months are revised. Data are final upon publication in the *Petroleum Marketing Annual*.

Source: Energy Information Administration Form EIA-782A, "Refiners/Gas Plant Operators' Monthly Petroleum Product Sales Report."

distillate prices eased as supplies rose while gasoline and crude oil prices crept higher.

A comparison of current and year-ago spot market prices at New York Harbor illustrate the changes that have occurred in petroleum products' prices over the last year. The spot price for West Texas Intermediate (WTI) crude oil last year ranged between \$15.92 and \$18.69 per barrel, while the price in April 2000 varied between \$23.91 per barrel and \$27.41 per barrel. The respective monthly averages show a nearly 50 percent increase: \$17.31 per barrel in April 1999 and \$25.72 per barrel in April 2000. The spot price for unleaded regular gasoline ranged between 47.8 cents per gallon and 52.9 cents per gallon last year. This year, the price ranged between 65.3 cents per gallon and 80.4 cents per gallon. A comparison of the monthly averages shows a 22.8 cents-per-gallon difference. The price for No. 2

heating oil shows a more dramatic change. The price range was between 40.9 cents per gallon and 45.5 cents per gallon last year, and between 67.9 cents per gallon and 82.9 cents per gallon this year, with a difference of 31.7 cents (73.6 percent) among the respective monthly averages.

Additional April market and sales activity for crude oil and the principal petroleum products are summarized in the following sections.

## Crude Oil

While the daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma, dropped mark-

edly from recent long-term highs, it remained unsettled during April. Opening at \$26.86 per barrel, the price continued its decline during the first week of the month reacting to increased output from OPEC and reports showing rising stock levels. After reaching the month's low of \$23.91 per barrel on April 10, the price began to climb again, pulled by finished product prices, market correction, and the announcement of OPEC's price band strategy. After reaching the high of \$27.41 per barrel on April 24, the price eased moderately and closed the month at \$25.71 per barrel.

- April monthly average crude oil prices decreased substantially in all sales categories. The average domestic crude oil first purchase price fell \$3.01 (11.5 percent), to \$23.18 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil declined \$2.97 (11.5 percent), to \$22.75 per barrel. The average landed cost of foreign crude oil dropped \$3.21 (11.7 percent), to \$24.11 per barrel.
- The average refiner acquisition cost for domestic crude oil decreased \$2.96 (10.1 percent), to \$26.29 per barrel. The average cost of imported crude oil to U.S. refiners shows the largest change, falling \$3.36 (12.1 percent), to \$24.34 per barrel. The composite refiner acquisition cost for crude oil declined \$3.21 (11.4 percent), to \$25.07 per barrel.

## Petroleum Products

### *Motor Gasoline*

Following a trend similar to those seen for crude oil prices, the April daily spot price for regular gasoline at New York Harbor subsided from the long-term high set in March. The high for the month, 80.4 cents per gallon, was marked immediately. In response to increased production and stock levels, the price moved sharply downward, reaching the low of 65.3 cents per gallon on April 11. The price rebounded during the coming weeks, influenced by other products' prices and market technical factors, and closed at 75.0 cents per gallon.

- National average gasoline prices for April retreated from March levels in all sales categories. The average price for retail sales of motor gasoline by refiners fell 4.4 cents to \$1.087 per gallon, while the average wholesale price declined 10.4 cents to 88.3 cents per gallon. Including data reported by a sample of mo-

tor gasoline marketers, the national average retail price at company-operated retail outlets dropped 5.6 cents to \$1.064 per gallon. The average wholesale price fell 10.3 cents to 88.3 cents per gallon. The average dealer tank wagon (DTW) price declined 5.1 cents to \$1.017 per gallon, while the average rack price fell 12.3 cents to 83.9 cents per gallon. The average price for bulk sales decreased 9.8 cents to 78.7 cents per gallon. Reformulated gasoline prices outstripped conventional gasoline prices by 12.0 cents at retail and 13.9 cents at wholesale. The difference between conventional and oxygenated gasoline prices was 6.7 cents at retail and 8.7 cents at wholesale.

- Gasoline sales by refiners were mixed during April. Total sales rose 9.8 million gallons per day (2.7 percent), to an average of 367.9 million gallons per day. Retail sales dropped 1.7 million gallons per day (2.8 percent), while wholesales rose 11.5 million gallons per day (3.9 percent). Rack sales accounted for 63.2 percent of wholesales, while DTW and bulk sales made up 22.0 percent and 14.9 percent, respectively. Reformulated gasoline (RFG) represented 32.3 percent of total motor gasoline sales, while oxygenated accounted for 2.1 percent.

### *No. 2 Distillate*

The daily spot price for No. 2 heating oil at New York Harbor underwent significant changes during April as cool temperatures, robust demand, and low stock levels caused it to exceed the price for regular gasoline for most of the month. Opening at 78.5 cents per gallon, the price followed the market's general downward trend and fell to the low of 67.9 cents per gallon on April 7. A cold snap in the Northeast and falling stock levels pushed the price to its high of 82.9 cents per gallon on April 19. Market technical factors associated with futures contracts pulled the price down to 73.8 cents per gallon on the last day of the month, causing it to close 4.8 cents per gallon lower than where it began the month.

- April monthly average No. 2 distillate prices show moderate decreases in all categories of sales. The national average residential price fell 6.3 cents to \$1.177 per gallon. The average wholesale price declined 4.3 cents to 79.7 cents per gallon. The average price for No. 2 diesel fuel dropped 4.7 cents at company-operated retail outlets, while the average wholesale price fell 5.2 cents. The difference between low- and high-sulfur diesel fuel prices was 4.8 cents at retail and 5.1 cents at wholesale.

- Generally, refiner sales of No. 2 distillates declined in April. Total sales of No. 2 distillate decreased 10.8 million gallons (7.2 percent), to 139.2 million gallons per day. Sales of No. 2 fuel oil fell 5.2 million gallons per day (18.6 percent), while sales of No. 2 diesel fuel declined 5.6 million gallons per day (4.6 percent). Low-sulfur diesel fuel made up 82.7 percent of all refiner diesel fuel sales and 69.2 percent of all refiner No. 2 distillate sales.
- Residual fuel oil sales by refiners increased in April. Total sales rose 2.6 million gallons per day (11.7 percent), to 24.8 million gallons per day. Low-sulfur residual fuel sales climbed 1.0 million gallons per day (13.9 percent), while high-sulfur residual fuel oil sales rose 1.7 million gallons per day (11.3 percent).

### ***Residual Fuel Oil***

- Most monthly average residual fuel oil prices fell during April. Refiner prices for low-sulfur residual fuel barely changed, rising 0.2 cent to 66.7 cents per gallon at retail, and declining 0.9 cent to 52.3 cents per gallon at wholesale. The average price for high-sulfur residual fuel at retail fell 3.5 cents to 52.4 cents per gallon, while the wholesale price dropped 6.0 cents to 44.4 cents per gallon. Including data reported by the sample of residual fuel oil marketers, the average low-sulfur price rose 0.6 cent to 61.5 cents per gallon at retail, but fell 0.2 cent to 54.5 cents per gallon at wholesale. The average price for high-sulfur residual fuel oil declined 2.8 cents to 53.4 cents per gallon at retail, and 6.8 cents to 45.3 cents per gallon at wholesale.
- Prices for all products in this section declined during April. Refiner propane prices dropped dramatically at retail, falling 16.2 cents per gallon. At wholesale the decrease was less profound, with the average price dropping 4.1 cents per gallon. Including data from a sample of propane marketers, the average residential propane price fell 3.4 cents per gallon. The average retail price for propane dropped 8.8 cents, while the average wholesale price declined 3.3 cents per gallon. As mention earlier, prices for kerosene-type jet fuel, aviation gasoline, kerosene, No. 1 distillate, and No. 4 distillate declined at both levels.
- Refiner sales of these products were mixed in April. Sales of propane and kerosene-type jet fuel rose at retail but fell at wholesale while sales data for kerosene show the opposite trend. Sales of aviation gasoline, No. 1 distillate, and No. 4 distillate fell at both retail and wholesale.

### ***Other Products***

